Birla Corporation Limited

July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	542.50 (Enhanced from 516.00)	CARE AA; Stable	Reaffirmed
Long-term / Short-term bank facilities	945.00 (Enhanced from 793.00)	CARE AA; Stable / CARE A1+	Reaffirmed
Non-convertible debentures	140.00	CARE AA; Stable	Reaffirmed
Non-convertible debentures	35.00	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to enhanced bank loan facilities and instruments of Birla Corporation Limited (BCL) continue to factor BCL's healthy competitive position in grey cement manufacturing, supported by installed capacities of 20 metric tonne per annum (MTPA). Its strong market position is augmented by the company's significant penetration in central, followed by eastern and northern India regions. The company benefits from strong brand recall of its cement products, which is supported by its distribution network leading to higher retail trade mix. Cost competitiveness is driven by the presence of captive limestone mines, coal block mines, and power generation with a mix of thermal and green power. High proportion of blended cement reduces its fuel requirements.

These strengths are partially tempered by moderate operating efficiencies driven by high fuel requirements in BCL (standalone) as one of its plants is a very old cement manufacturing unit. However, efficient units under its subsidiary, RCCPL Private Limited (RCCPL), support profitability margins at a consolidated level. The company's moderate operating profitability is exposed to volatile input cost and cement price realisation as also witnessed by the headwinds faced by the company in FY23 and FY25. With moderation in debt in FY25 (refers to April 01 to March 31), the company's capital structure improved. However, the company continues to have moderate debt coverage metrics and remains sensitive to future debt programmes, particularly to fund its capacity enhancement.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operations and/or profitability.
- Sustained strengthening of debt coverage metrics particularly, net debt (inclusive of security deposits and LC acceptances) to profit before interest, lease rentals, depreciation and taxation (PBILDT) of less than 2x.

Negative factors

- Moderation in net debt PBILDT levels (inclusive of SD and LC acceptances) of over 3.50x on a sustained basis.
- Announcement of major debt programme leading to expectation of moderation in capital structure.
- Significant deterioration in liquidity from the current levels, particularly reduction in cash and cash equivalents (including current investments) below ₹300 crore.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered a consolidated view of the parent, BCL, and its subsidiaries owing to significant business, operational, and financial linkages between the parent and subsidiaries. Details of subsidiaries consolidated are listed in Annexure - 6.

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings expectation of the company sustaining its current financial risk profile, particularly, debt coverage metrics, while continuing strong operating performance.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Healthy competitive position supported further by diversified geographical profile
BCL is among the oldest cement manufacturing companies in India. Over the years, it has established a strong presence in cement markets of central, eastern, and northern India. The company's standalone cement capacity of 10.19 metric tonne per annum (MTPA) is supplemented by 9.81 MTPA capacity of RCCPL, wholly owned subsidiary of BCL. The company derives ~50%-55% sales volumes from central India catered by dedicated 9.35 MTPA cement capacity in the region, followed by eastern region 19%-23% and northern region 14%-16%.
In May 2022, the company started operations of its Mukutban plant of 3.90 MTPA in Maharashtra, which largely caters Vidharba, Marathwada, and Khandesh in Maharashtra and adjoining markets of Madhya Pradesh, Nizamabad, Telangana and South Gujarat. This increased its presence in western region with share of volume from western region rising from just 3% in FY22 to ~15% in FY25.
In FY25, the company reported a consolidated cement sales volume of 18.07 MT from 17.6 MT in FY24 (and 17.73 MT in FY23). Despite the increase in sales volume, realisations declined, leading to a net sales moderation by 5% year-over-year (y-o-y) to ₹9084 crore from ₹9476 crore in FY24. This decline is largely accountable to industry wide headwinds faced by the players in the first nine months of FY25 due to the impact of general elections, erratic rainfalls, and festivities which slowed down infrastructural activities. The volume largely picked up in Q4FY25 and better realisations, particularly in the company's area of operations.
Anticipated sustainable price hikes and modest volume growth is expected to provide overall support to the company's topline in the medium term.

Large retail trade mix driven by healthy brand recall and established distribution network
Despite being a commoditised business, BCL has been able to establish its brand over the years with its flagship cement brand "MP Birla Cement". M.P Birla Perfect Plus and Rakshak are its premium brands. The company has 11 cement brands with varied characteristics. The company reported distribution network of 311 sales promoters, 8110+ dealers, and 41500+ sub-dealers which significantly supports on-ground sales of BCL's products.
The company largely sells blended cement, which is consumed by retail trade segment. Accordingly, the company's retail trade mix is 70% (72%) in FY25 (FY24). Considering its significant push on establishing its brand, the company has also been able to maintain its high premium products at 60% (54%) trade sales in FY25 (FY24). Continued focus on premium products is expected to be sustained, which leads to better realisation.

Integrated units with captive limestone mines, coal mines and power generation allowing cost competitiveness
Integrated units with captive limestone reserves, coal mine blocks, captive power sources supported by split grinding units allow the company to remain cost competitive. The company has limestone mines near its Satna, Chanderia, Maihar and Mukutban plant, which met over 80% total limestone requirements in FY25.
In FY25, the currently operational coal mine provided ~17% company's fuel requirements in kiln. The company's Bikram coal mines in Madhya Pradesh to start production in FY26, which once fully operational would increase captive coal consumption to 30-32% fuel requirements in kiln.
The company has multiple power sources having installed 94 MW captive thermal power plant, 43.35 MW Waste Heat Recovery System (WHRS) and 41.20 MW Solar plant, and a hybrid capacity of 12 MW installed at Maihar in FY25, which can manage ~60% power requirements. The company's power consumption per tonne of cement produced remains efficient supported by RCCPL's efficient units at 69 (70) kilowatt per tonne in FY25 (FY24).

Key weaknesses

Moderately leveraged capital structure and debt coverage metrics
The company has a strong tangible net worth[2] as on March 31, 2025, of ₹5005.06 crore (against at ₹4702 crore as on March 31, 2024). However, the company's capital structure is moderately leveraged marked by an overall gearing of 0.83x as on March 31, 2025, improving from 0.97x in the previous year, primarily considering reduction in long-term debt during the year.
The net debt/PBILDT improved to 2.48x in FY25, compared to 2.62x in FY24, and a further, sequential improvement in FY26 is envisaged as recovery in the company's PBILDT, which was under pressure in the first nine months of FY25 due to weak pricing trends and subdued demand.

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[2] Tangible Net worth excludes revaluation surplus.

The company is expected to incur debt funded capital expenditure in the medium term to enhance its production capacity in grinding and clinker units. The plan includes increasing grinding capacity from 20 MTPA to 27.6 MTPA by FY29 through the establishment of three new grinding units at Prayagraj (1.4 MTPA, under RCCPL), Gaya (Phase I and II, totalling 2.8 MTPA, under BCL), and Aligarh (2 MTPA, under RCCPL). This expansion also incorporates the ongoing Kundanganj III line (1.4 MTPA), which remains on schedule and is expected to be commissioned in FY26. The clinker production capacity is to be expanded in Maihar by 3.7 MTPA. These projects will entail total capital investment of ~₹4,335 crore funded by a combination of debt and internal accruals in a 2:1 ratio. The company is expected to undertake operational efficiency capex and sustenance capex. The current expansion may lead to upside risk of net debt to PBILDT upto 3x, particularly as the project execution gathers significant pace and hence will be a key monitorable.

Moderate operating profitability exposed to volatile input costs and price realisations

In FY25, the company reported meaningful gains from declining input prices and internal efficiency measures. Power and fuel cost per tonne fell to ₹980/t in FY25 from ₹1,103 in FY24/t, aided by low-cost fuel and improved fuel usage efficiencies. A similar trend was observed for cost of materials and freight costs per tonne, consequently, the total cost per tonne decreased to ₹4,424/t in FY25 compared to ₹4,659/t in FY24.

Despite the improvement in cost metrics, the moderation in operating profitability in FY25 was largely driven by moderation in realisations in 9MFY25. The realisations moderated to ₹4,821 per ton in FY25 from ₹5,134 per ton in FY24. As a result, PBILDT per tonne declined to ₹674/t in FY25 from ₹814/t in FY24, and the PBILDT margin contracted to 13.22% in FY25 from 14.88% in FY24. However, there was a notable recovery in Q4FY25, marked by improved pricing and volume traction, which is expected to sustain in the near term. However, legacy challenges persist in the form of relatively high cost structures in older BCL standalone units, driven by higher fuel consumption and lower operational efficiencies.

Price hikes have been observed since Q4FY25, however, its sustainability needs to be observed. Forward profitability gains are largely expected from improvement in realisations.

The company continues to remain exposed to commodity price risk, arising from raw material price fluctuation (gypsum, fly ash and slag) and fuel (coal and pet coke). Coal (indigenous and international) is used for power generation to run its plants and fuel for kilns. In the recent past, the cement industry witnessed significant spike in power and fuel costs; post pent-up demand for fuel after multiple COVID-19 waves. Russia-Ukraine war exacerbated fuel cost in FY22 and FY23. Spike in fuel costs impacted profitability margins in FY22 and FY23, while subdued realisations have been constraining factor in profitability margins in FY25. The company's profitability will remain exposed to significant input cost volatility and cement price realisation, which depends on each region's demand and supply dynamics (volume growth and installed capacity) in a particular region.

Cyclicality of the cement industry

The cement industry is highly cyclical and depends largely on the country's economic growth. There is a high degree of correlation between the GDP growth and growth in cement consumption. Being a cyclical industry, cement goes through phases of ups and downs and accordingly impacts unit realisations.

Liquidity: Strong

BCL's strong liquidity is marked by a liquid balance of ₹1125 crore including free cash and bank balance of ₹429 crore (inclusive FDs amounting ₹305 crore with NBFCs and current investments amounting to ₹695 crore) as on March 31, 2025, and adequate cushion between gross cash accruals (GCA) of ₹865 crore as on March 31, 2025, and negligible bank limit utilisation of 13% in BCL and 17% in RCCPL for the last trailing 12 months providing further liquidity cushion. The company has repayment obligations of ₹627 crore in FY26 and ₹650 crore in FY27 expected to be covered adequately by projected GCA in the medium term.

The company also has non-current investments in listed companies (including M. P. Birla group companies) and bonds totalling to ~₹756.83 crore as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

The cement sector has a significant impact on the environment owing to higher emissions, generation of waste and consumption of water. Cement manufacturing process is energy intensive and its high dependence on natural resources, such as limestone, coal as key raw materials are key reasons. Due to the operations affecting the local community and health hazards involved in the cement manufacturing process, the sector also has a social impact. BCL has continuously focused on mitigating its

environmental and social risks. CareEdge Ratings believes BCL's commitment to ESG will support its strong credit profile.
Few steps are as below:

Environment

- The company integrates sustainability into its operations by maintaining emissions within regulatory limits using online monitoring and SNCR systems, optimising limestone use, and reusing treated wastewater for dust suppression and plantation.
- Water positivity is achieved through rainwater harvesting, use of air cooled condensers, water recharge systems, and reuse of treated water.
- The company reduces reliance on fossil fuels through waste heat recovery systems, solar power installations, and continuous use of alternative fuels, and efficient utilisation of fly ash, slag, and co-processing of municipal waste. The company is capping carbon footprints, with ~85% product portfolio comprising blended cement and extensive plantations across its sites.

Social

- The company has supported 379 micro-enterprises, many led by women, and ~10% of its 5,000 vendors are MSMEs, contributing to significant job creation. Its non-profit leg has funded healthcare and educational institutions.

Governance

- The Board of Directors reaffirmed their continued commitment to good Corporate Governance Practices as set out by the Securities and Exchange Board of India ('SEBI') per annual report FY24. The company has complied with the Corporate Governance Code as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Applicable criteria

Definition of Default
Consolidation & Combined Approach
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Cement

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction materials	Cement and cement products	Cement and cement products

BCL was incorporated in August 1919 and is currently the flagship company of the M. P. Birla group. The company is a multi-location cement manufacturing company with an aggregate capacity of 20 MTPA as on March 31, 2025 (10.19 MTPA in BCL and 9.81 MTPA in RCCPL). It is also engaged in jute sales. BCL sells cement under well-established brands, prominent being 'Birla Cement Samrat', 'Perfect Plus', 'Rakshak', 'Birla Cement Unique', a premium Portland Slag Cement and 'Birla Cement Chetak' among others with its key markets being Madhya Pradesh, Uttar Pradesh, Rajasthan, West Bengal and Bihar. BCL is currently managed under the chairmanship of H V Lodha.
In August 2016, BCL successfully acquired 100% equity stake in RCCPL Private Limited (RCCPL) (erstwhile Reliance Cement Company Private Limited). Currently, RCCPL has 9.81 MTPA cement manufacturing units across Madhya Pradesh (3.20 MTPA integrated cement plant), Uttar Pradesh (2.21 MTPA grinding unit) and Maharashtra (0.5 MTPA grinding unit and 3.90 MTPA integrated cement plant).

Brief Financials (₹ crore) (Consolidated)	March 31, 2024 (A)	March 31, 2025 (A)*
Total operating income	9660	9212
PBILDT	1437	1218
PAT	421	295
Overall gearing (times)	0.97	0.83
Interest coverage (times)	3.87	3.72

A: Audited UA: Unaudited; Note: these are latest available financial results
*Abridged financials
Please note: Overall gearing ratio factor in security deposits and Creditors on LC

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-convertible debentures	INE340A07092	14-Sep-2016	9.25	14-Sep-2026	35.00	CARE AA; Stable
Debentures-Non-convertible debentures	INE340A07084	18-Aug-2016	9.25	18-Aug-2026	140.00	CARE AA; Stable
Fund-based - LT-Cash Credit		-	-	-	390.00	CARE AA; Stable
Fund-based - LT-Term Loan		-	-	30/09/2028	152.50	CARE AA; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	945.00	CARE AA; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	945.00	CARE AA; Stable / CARE A1+	1)CARE AA; Stable / CARE A1+ (03-Jun-25)	1)CARE AA; Stable / CARE A1+ (04-Jun-24)	1)CARE AA; Negative / CARE A1+ (03-Jul-23)	1)CARE AA / CARE A1+ (04-Jul-22)
2	Fund-based - LT-Cash Credit	LT	390.00	CARE AA; Stable	1)CARE AA; Stable (03-Jun-25)	1)CARE AA; Stable (04-Jun-24)	1)CARE AA; Negative (03-Jul-23)	1)CARE AA; Stable (04-Jul-22)
3	Fund-based - LT-Term Loan	LT	152.50	CARE AA; Stable	1)CARE AA; Stable (03-Jun-25)	1)CARE AA; Stable (04-Jun-24)	1)CARE AA; Negative (03-Jul-23)	1)CARE AA; Stable (04-Jul-22)
4	Debentures-Non-convertible debentures	LT	140.00	CARE AA; Stable	1)CARE AA; Stable (03-Jun-25)	1)CARE AA; Stable (04-Jun-24)	1)CARE AA; Negative (03-Jul-23)	1)CARE AA; Stable (04-Jul-22)
5	Debentures-Non-convertible debentures	LT	35.00	CARE AA; Stable	1)CARE AA; Stable (03-Jun-25)	1)CARE AA; Stable (04-Jun-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr. No.	Name of the Entity	Extent of Consolidation	Rationale for Consolidation
1	RCCPL Private Limited	Full	Wholly owned subsidiary
2	Birla Jute Supply Company Limited	Full	Wholly owned subsidiary
3	Talavadi Cements Limited	Full	Subsidiary
4	Lok Cements Limited	Full	Wholly owned subsidiary
5	Budge Budge Floor Coverings Limited	Full	Wholly owned subsidiary
6	Birla (Cement) Assam Limited	Full	Wholly owned subsidiary
7	M.P. Birla Group Services Private Limited	Full	Wholly owned subsidiary
8	AAA Resources Private Limited	Full	Step down wholly owned subsidiary
9	Utility Infrastructure & Works Private Limited	Full	Step down wholly owned subsidiary
10	SIMPL Mining & Infrastructure Limited	Full	Step down wholly owned subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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